



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

January 5, 2005

MEMORANDUM

TO: Area/County MHDDSAS Directors

FROM: Mike Moseley

RE: Monthly LME Systems Management Payments: Procedure Change Effective February 2005

This is to inform you of a change in the release of the LME Systems Management payments beginning with the February 2005 payment. LME Systems Management payments are currently paid in 1/12th installments at the beginning of each month and this payment is initially supported by 100% Division State appropriation. Area/county programs then submit their actual monthly LME Systems Management expenditures report which must be received by the 15th of the following month. From this reported expenditure data, the DHHS Controller's Office then draws in the appropriate amount of Medicaid administration funds via our cost allocation method.

This payment and Medicaid reimbursement process has the probability of having at least 2 months worth of LME Systems Management payments, fully supported by State appropriation, outstanding for a period of time. For example, the September 2004 LME Systems Management payment would have been made at the beginning of September 2004, with the September 2004 actual report of expenditures not due in Raleigh until the 15th of October. Subsequently, the November LME Systems Management payment would have been made in early November 2004 – prior to the Division being able to draw in Medicaid administrative reimbursement for the October 2004 payment. This situation is further compounded when some LME Systems Management expenditure reports are submitted after the due date, thereby further delaying the draw of Medicaid administrative funds. This timeframe, and the timeliness of report submission, is creating a problem for the Division in being able to access this amount of State appropriation at one time.

Effective in February 2005, LME Systems Management payments will be made during the last week of the month rather than at the beginning. This modification will allow sufficient time for area/county programs to submit their actual expenditures for the preceding month and enable the Controller's Office to draw in Medicaid administration funds prior to releasing the next month's LME Systems Management payment. For example, area/county programs are to submit their January 2005 LME Systems Management expenditure report to be received in Raleigh by February 15, 2005. Once the reports have been received, the DHHS Controller's Office will immediately draw in the appropriate amount of Medicaid administration reimbursement, thereby helping to replenish the Division's cash on hand prior to release of the February 2005 LME Systems Management payment during the last week of February 2005.



Concurrent with this February 2005 change, the Division is also implementing a policy that, absent prior approval from the Division for an extension by Wanda Mitchell, DMHDDSAS Budget & Finance Team Leader, an LME's Systems Management payment will not be made until the area/county program's report of actual LME Systems Management expenditures for the prior month has been received by the DHHS Controller's Office. This means that an LME's Systems Management payment for February 2005 will not be made until the DHHS Controller's Office has received the January 2005 report of actual LME Systems Management expenditures at which time payment will be released.

The signed Monthly LME Report of Expenditures form is to continue to be submitted to and received by George Francis in the DHHS Controller's Office no later than the 15th of the month, with an electronic copy e-mailed to Wanda.Mitchell@ncmail.net at the time of submission to the DHHS Controller's Office. Should you have questions, please contact Wanda Mitchell, DMHDDSAS Budget & Finance Team Leader at (919) 733-7013.

cc: Secretary Carmen Hooker Odom
Lanier Cansler
Chair State CFAC
Chair Commission for MHDDSAS
Chair Coalition 2001
DMH/DD/SAS Executive Leadership Team
State Facility Directors
Area/County Finance Officers
County Managers
Laketha Miller
Jack Chappell
Bob Duke
George Francis
Regional Accountants
Kaye Holder
Wayne Williams
Dick Oliver
Carol Duncan Clayton
Patrice Roseler

